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UNCLAS ANKARA 004070

SIPDIS

SENSITIVE

DEPT FOR NEA/NGA, EB, EUR/SE

E.O. 12958: N/A

TAGS: [ECON](#) [EPET](#) [PREL](#) [TU](#) [IZ](#)

SUBJECT: IRAQI SOMO-DELTA PETROLEUM BARTER DEAL UNDERWAY

REF: REF A) ANKARA 3731 B) ANKARA 3537

[11.](#) (U) Baghdad minimize considered.

[12.](#) (SBU) Delta Petroleum and the MFA confirmed to us that the GOT had given final approval for the pending SOMO-Delta barter deal (reftels), under which SOMO will export fuel oil to Turkey in return for Turkish benzine (gasoline) and LPG. Delta Petroleum officials told us June 25 that 33 trucks crossed the border into Iraq on June 21 without incident, loaded Iraqi fuel oil at the Bayji oil refinery on June 24-25, and began the return to Turkey on June 25. (Note: Delta has complained of local Kurdish groups charging an exit tax from Iraq, which will be reported septel).

[13.](#) (SBU) The Delta official said he estimates that Iraqi refineries running at full capacity would produce approximately 90,000 tonnes of fuel oil per day. Since the refineries were or likely soon would be running at about half capacity, they would be producing about 45,000 tonnes of fuel oil per day. The Delta official estimated that Turkey's trucking industry had capacity to import (for export to third countries) roughly 10,000 tonnes of Iraqi fuel oil per day; the rest, he said, Iraq would have to export through the south. The official noted that Delta was paying for the fuel oil with Turkish LPG and gasoline, which the company had been shipping to Iraq without incident for several weeks.

PEARSON